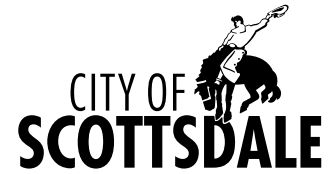


*Week of January 25<sup>th</sup> to 29<sup>th</sup>, 2021*

# Legislative Update



January 29<sup>th</sup> is the 19<sup>th</sup> day of the legislative session and 1278 bills have been introduced.

The City of Scottsdale is currently tracking 107 bills that have potential impact to municipal functions.

## **Legislative Action:**

Senate Republicans released their budget proposal this week. The \$12.9 billion budget proposes: a \$450 million tax cut (\$200 million ongoing and \$250 million one-time); five-percent across-the-board raises for most state employees (10% for DPS Troopers); \$250 million for funding for remote students for the 2020-21 school year; \$200 million to the state's Unemployment Trust Fund; \$200 million for highway projects; and \$300 million to reduce the state's \$2 billion unfunded public safety pension liability.

Legislative budget analysts predict the state will have a \$2 billion surplus in fiscal year 2022, with about \$400 million available for new ongoing expenses and \$1.6 billion for one-time spending.

Adding drama to the Senate this week was the submittal of an ethics complaint filed against newly-elected Senator Wendy Rogers. The complaint was filed by Rogers' former administrative assistant and campaign volunteer. The complaint alleges harassment, abusive behavior, damage of personal property, and physical injury to the assistant while employed at the Senate. The Senate Ethics Committee is gathering information and has not yet indicated what direction it will take.

## Overview of Bills

### **SHORT-TERM RENTALS**

**NEW: SB 1379 – Vacation Rentals; Short-Term Rentals; Enforcement** – Would modify the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include:

- A requirement of the owner to maintain liability insurance in aggregate of at least \$500,000 or advertise through a hosting platform that provides equal or greater coverage.

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- The ability to restrict the occupancy of a short-term rental two adults per bedroom, up to 4 bedrooms, plus two additional adults per 1,000 square feet of livable space in excess of 3,000 square feet.
- Allowing counties and municipalities to impose a civil penalty for each day a property is in violation of specified provisions and modifies civil penalties for operators who fail to comply with transaction privilege tax requirements

**Status:** *Introduced by Senator J.D. Mesnard (R-Chandler) and is scheduled to be heard in the Commerce committee on February 3<sup>rd</sup>.*

**Recommendation:** *Pending. Staff is determining whether or not the bill contains sufficient provisions to address the negative impacts of short-term rentals.*

**HB 2285 – Online Home Sharing; Repeal** – Would repeal statutes which forbid municipalities and counties from prohibiting vacation rentals or short-term rentals and limiting the restrictions that municipalities and counties may place on those rentals to a list of specified purposes.

**Status:** *Introduced by Representative Aaron Lieberman (D-Paradise Valley) and has been assigned to the Commerce and Government & Election committees.*

**Recommendation:** *Support.*

**HB 2481 – Short-Term Rentals; Enforcement; Penalties** – Would modify the list of regulations that counties and municipalities are authorized to impose on vacation rentals or short-term rentals to include:

- A requirement for the owner of a short-term rental to license or register with the county or municipality.
- The ability to restrict the occupancy of a short-term rental to the lesser of the occupancy limit of the county or municipality or two adults per bedroom plus two additional adults.
- Prohibiting short-term rentals from advertising to exceed the occupancy limit of the dwelling or for any nonresidential use.
- Allowing counties and municipalities to impose a civil penalty for each day a property is in violation of this advertisement prohibition and provides that an online lodging operator that falsifies information to an online lodging marketplace is guilty of a petty offense.

**Status:** *Introduced by Representative John Kavanagh (R-Fountain Hills) and has been assigned to the Government & Elections committee.*

**Recommendation:** *Support.*

**HB 2482 – Regulation; Short-Term Rentals** – Would modify the list of regulations that counties and municipalities are authorized to impose on or short-term rentals to include:

- Requiring contact information for the owner of the rental to be posted on the front door or in another location on the property that is visible and accessible to the public;
- Restricting the maximum number of adult occupants allowed on the property at one time to the lesser of the occupancy limit established by the county or municipality or no more than 2 adults per bedroom, up to 4 bedrooms, plus 2 additional adults per 1,000 square feet of livable space in excess of 3,000 square feet of livable space;
- Requiring the installation of safety and monitoring equipment that monitors and detects noise and notifies the owner if noise is unreasonable or in violation of a noise ordinance;

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prohibiting smoking outside within 100 feet of a residential structure; restricting occupants from checking in without the presence of the owner or the owner's designee;

- Prohibiting occupants from parking on public or private streets if on-property parking is available.
- Short-term rentals cannot advertise to exceed the occupancy limit of the dwelling or for any nonresidential use and are required to display the transaction privilege tax license in any online advertisement for rental of the unit. Establishes penalties for violations.

**Status:** *Introduced by Representative John Kavanagh (R-Fountain Hills) and has been assigned to the Government & Elections committee.*

**Recommendation:** *Pending. It appears this bill may not be moving forward this year.*

## **PUBLIC SAFETY; HEALTH ISSUES**

**NEW: SB 1220 – Mental Health Professionals; Trauma Counseling** – Expands the definition of “licensed mental health professional” to include mental health professionals who are licensed by the Board of Behavioral Health Examiners and who hold either a master’s or doctoral degree related to the mental health profession, for the purpose of programs which provide peace officers and firefighters with traumatic event counseling.

**Status:** *Introduced by Senator Rick Gray (R-Sun City). Passed the Health and Human Services committee on January 27<sup>th</sup>. Assigned to Rules committee.*

**Recommendation:** *Pending*

**NEW: SB 1373 – Health Facilities; Duty of Care** – Licensed health care institutions that provide congregant or residential care and the institution's employees and agents have an affirmative duty of care for their residents. These institutions are required to provide basic life support and first aid, in accordance with that resident's advance directives and do-not-resuscitate order, including initiating immediate cardiopulmonary resuscitation (CPR) before the arrival of emergency medical services, to a resident who experiences symptoms of cardiac arrest or cessation of respiration. Staff who are certified in CPR and first aid must be available at the health care institution at all times. These institutions are prohibited from implementing policies that prevent employees from providing immediate CPR, first aid or emergency care to the institution's residents.

**Status:** *Introduced by Senator Nancy Barto (R-Phoenix) and has been referred to the Senate Health and Human Services Committee.*

**Recommendation:** *Support*

**NEW: SB 1450 – Workers’ Compensation; Special Fund; Firefighters** – Allows firefighters eligible for workers’ compensation due to cancer deemed to arise out of employment to be eligible for reimbursement if the claim was filed after January 1, 2017, and if the employer has adopted cancer mitigation best practices. Retroactive to tax years beginning with 2017.

**Status:** *Introduced by Senator Paul Boyer (R-Glendale) and is scheduled to be heard in the Commerce committee on February 3<sup>rd</sup>.*

**Recommendation:** *Support*

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**NEW: SB 1451 – Workers’ Compensation; Special Fund; Firefighters** – Adds fire investigators to cancer presumption arising out of employment if special conditions are met. Requires carriers who secure workers’ compensation for firefighters and fire investigators to report claim and claim reserve information for all cancer-related claims to the Industrial Commission. Requires the Commission to make available the claim-related information collected to assist with setting of workers’ compensation rates. Allows one additional uniform percentage deviation increase in addition to the six already authorized, to be used by insurers covering firefighters and fire investigators.

**Status:** *Introduced by Senator Paul Boyer (R-Glendale) and is scheduled to be heard in the Commerce committee on February 3<sup>rd</sup>.*

**Recommendation:** *Support*

## **DEVELOPMENT & ZONING**

**HB 2211 – TPT; Prime Contracting; Exemptions** – Would change the methodology used for contractors to pay transaction privilege taxes (TPT) for prime contracting. The legislation proposes to exempt home reconstruction from the current prime contracting provisions if the construction does expand the footprint of the existing structure. The construction taxes for these exempted projects would then be paid at the point of sale.

**Status:** *Introduced by Representative Regina Cobb. HB 2211 has been assigned to the Ways and Means committee.*

**Recommendation:** *Oppose. This is part of the City of Scottsdale’s Legislative Agenda*

**NEW: SB 1327 – Affordable Housing; Tax Credit** – Establishes a credit against individual and corporate income taxes and insurance premium taxes for projects that qualify for the federal low-income housing tax credit and that are placed in service from and after June 30, 2022. The Department of Revenue is required to allocate a total of \$8 million of affordable housing tax credits in any calendar year. Establishes a 9-member Affordable Housing Tax Credit Review Committee to review the tax credits.

**Status:** *Introduced by Senator David Gowan (R-Sierra Vista) and has been assigned to the Senate Appropriations Committee.*

**Recommendation:** *Support*

## **ENVIRONMENT & NATURAL RESOURCES**

**SB 1223 – Noxious Weeds; Government Projects** – Would authorize the state, state agencies, political subdivisions, and any other governmental entity to remove "noxious weeds" including Russian olive and salt cedar trees, as part of routine maintenance operations and capital projects. The state, state agencies, political subdivisions, and any other governmental entity are prohibited from using noxious weeds, including Russian olive and salt cedar trees, in landscaping.

**Status:** *Introduced by Senator Sine Kerr (R-Buckeye) and was passed by the Natural Resources, Energy and Water committee on January 27<sup>th</sup>.*

**Recommendation:** *Support.*

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**NEW: SB 1366 – Remediated Water; Groundwater; Use** – Will extend the current exemption for the pumping groundwater for remediation in specific instances from 2025 to 2050. The bill also provides the exemption is applicable only to water providers that had been granted the pumping authority by the Arizona Department of Water Resources prior to January 1, 2010.

**Status:** *Introduced by Representative Joanna Osborne (R-Goodyear) and is scheduled to be heard in the Natural Resources, Energy & Water committee on February 3<sup>rd</sup>.*

**Recommendation:** *Support. This is the City of Scottsdale's bill. (See HB 2614)*

**HB 2127 – Appropriation; State Parks; Heritage Fund** – Appropriates \$10 million from the general fund in FY2021-22 to the Arizona State Parks Heritage Fund. The Legislature reinstated the Heritage Fund in 2019 but did not provide any funding. If funded, the Heritage Fund would provide funding for State Parks, historic preservation projects, trails, and outdoor and environmental education.

**Status:** *Introduced by Senator Sine Kerr (R-Buckeye) and is scheduled to be heard in the Land, Agriculture & Rural Affairs committee on February 1<sup>st</sup>.*

**Recommendation:** *Support.*

**HB2248 – Corporation Commission; Electric Generation Resources** – Would prohibit the Arizona Corporation Commission, without express legislative authority, from adopting or enforcing a policy, decision or rule that directly or indirectly regulates the types of "critical electric generation resources" (defined) used or acquired by public service corporations within Arizona's energy grid. Does not apply to any policy, decision or rule adopted before June 30, 2020. The bill does not prohibit the ACC from setting electricity rates for public service corporations. Retroactive to June 30, 2020.

**Status:** *Introduced by Representative Gail Griffin (R-Hereford) and passed in the Natural Resources, Energy & Water Committee on Tuesday, January 26th.*

**Recommendation:** *Oppose. This legislation appears to conflict with previous and pending issuances of support by the Council on the energy rules. Staff is further analyzing but wanted to bring it to the Council's attention due to timing.*

**HB 2614 – Remediated Water; Groundwater; Use** – Will extend the current exemption for the pumping groundwater for remediation in specific instances from 2025 to 2050. The bill also provides the exemption is applicable only to water providers that had been granted the pumping authority by the Arizona Department of Water Resources prior to January 1, 2010.

**Status:** *Introduced by Representative Joanna Osborne (R-Goodyear) and has been assigned to the Natural Resources, Energy and Water committee.*

**Recommendation:** *Support. This is the City of Scottsdale's bill. (See SB 1366)*

## **FINANCE**

**SB 1252 – Corporate Income Tax – Phase Out** – Phases out the corporate income tax rate over tax years 2022 to 2031 by reducing the rate 0.49 percent per year. For tax years beginning

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January 1, 2031, the rate is set to zero. Previously, the corporate income tax rate was 4.9 percent of net income for tax years beginning with 2017.

**Status:** *Introduced by Senator Warren Petersen (R- Gilbert) and will be heard in the Senate Finance Committee on Wednesday, February 3<sup>rd</sup>.*

**Recommendation:** *Oppose. Because cities receive a portion of the state income tax, this tax cut would have substantial negative impact to city revenues from the state-shared revenue distribution.*

## **LAW ENFORCEMENT**

**NEW: SB 1333 – Law Enforcement; Budget Reduction; Prohibition** – Municipalities would be prohibited from reducing the annual operating budget for a law enforcement agency by any amount below the previous year's budget. If a municipality reduces the annual operating budget for a law enforcement agency, the municipality is required to notify the State Treasurer of the reduction, and the State Treasurer is required to withhold any state shared monies from the municipality in an amount equal to the amount of the reduction of the annual operating budget for the law enforcement agency. Some exceptions. The State Treasurer is required to deposit any amounts withheld in the newly established Law Enforcement Support Fund. If a municipality reduces the annual operating budget for a law enforcement agency by more than 25 percent, the State Treasurer is required to withhold state shared monies in an amount equal to the law enforcement agency's entire budget for the previous year. If a municipality reduces a law enforcement agency's budget by more than 25 percent, the municipality is required to notify the county sheriff, that sheriff is authorized to assume law enforcement functions for that municipality, and the State Treasurer is required to provide all state shared monies withheld from the municipality to the county sheriff's department. The State Treasurer is required to continue to withhold state shared monies until notification from the municipality that the reduction in the law enforcement agency's budget has been restored. More. Retroactive to January 1, 2021.

**Status:** *Introduced by Senator David Gowan (R-Sierra Vista) and is scheduled to be heard in the Appropriations committee on February 2<sup>nd</sup>.*

**Recommendation:** *Oppose*

**NEW: HB 2152 – Police; Camera Recordings; Required Redactions** – Requires that prior to a law enforcement agency releasing a copy of a video recording from an officer's body-worn camera to the public, the law enforcement agency must redact any portion of the video recording that shows the face or an identifiable body part of any person who appears in the video recording if the person is not the subject of a police investigation or enforcement action and the person was located in a private location or in a public location with an expectation of privacy, the person is a victim of or witness to a crime, or the person was in a state of undress and specified areas of the person's body were not covered. Does not apply to a person who provides the law enforcement agency with a written waiver to release the video recording without any redactions.

**Status:** *Introduced by Representative John Kavanagh (R-Fountain Hills) and is scheduled to be heard in the Military Affairs and Public Safety committee on February 1<sup>st</sup>.*

**Recommendation:** *Pending*



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**HB 2310 – Municipalities; Counties; Law Enforcement Budgets** – Would require the Attorney General to investigate any budget reduction of at least ten percent below the previous year's budget for law enforcement agencies, upon request of a member of the Legislature, and require restoration of the budget reduction within 30 days. If the budget is not restored within 30 day, upon notification by the Attorney General, the State Treasurer must withhold and redistribute state shared monies from the county or municipality in an amount equal to the reduction of the law enforcement agency's budget.

**Status:** *Introduced by Representative Bret Roberts (R-Maricopa) and has been assigned to the Military Affairs and Public Safety committee.*

**Recommendation:** *Oppose*

**NEW: HB 2420 – Law Enforcement Budget; Reduction; Certification** – Stipulates that by October 15<sup>th</sup> of each year, counties and municipalities are required to certify in writing to each state agency through which the county or municipality receives any state monies that there has been no disproportionate funding reductions to the county's or municipality's law enforcement agency. The certification must include a statement that any reduction in funding or proposed funding to the law enforcement agency is a result of reduced revenue collection and the reduction in law enforcement agency funding is "proportionate" (defined) to the reduction in revenue. A county or municipality that has disproportionately reduced its law enforcement agency funding is not eligible to receive state shared monies. The State Treasurer is required to continue to withhold state shared monies until certification from the county or municipality that the reduction in the law enforcement agency's budget has been restored to a proportionate amount.

**Status:** *Introduced by Representative Frank Carroll (R-Sun City West) and has been assigned to the Military Affairs and Public Safety committee.*

**Recommendation:** *Oppose*

**NEW: HB 2553 – Peace Officers; Force; Prohibited Rules** – A "government body" (defined to include a law enforcement agency or department) would be prohibited from adopting a policy or rule that prohibits a law enforcement officer from using physical force or deadly physical force when the use is allowed by law, unless it includes a statement that any nonforce tactics required to be used first are only required in situations where a reasonable person would conclude that the use of the nonforce tactics would not expose the law enforcement officer or another person to the threat of physical injury, serious physical injury or death. A government body is prohibited from adopting a policy or rule that prohibits a law enforcement officer from using a defensive tactic if the use of that tactic in a particular situation would otherwise be allowed under law, unless the Arizona Peace Officer Standards and Training Board has determined that the tactic should not be used in the situation.

**Status:** *Introduced by Representative John Kavanagh (R-Fountain Hills) and has been assigned to the Military Affairs and Public Safety committee.*

**Recommendation:** *Pending*

# Legislative Update

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## TELECOMMUNICATIONS

**HB 2108 – Telecommunications; Public Highways; Fees** – Would prohibit cities from requiring an annual telecommunications fee based on the number of linear feet of trench in public rights-of-ways in which the telecommunications company has placed small cell wireless facilities.

**Status:** *Introduced by Representative Jeff Weninger (R-Chandler). HB 2108 passed the House Commerce Committee on Tuesday, January 19<sup>th</sup> and the Rules committee on January 25<sup>th</sup>.*

**Recommendation:** *Oppose. As written the legislation would negatively conflict with city ordinances and annual revenues base on these fees. Scottsdale staff are working with a municipal stakeholder's group to identify amendments that would remove opposition to the bill if adopted.*

## TOURISM

**HB 2161 – Tourism Marketing Authorities** – Allows the governing body of one or more municipalities and/or a county with a population of less than 2 million persons (all but Maricopa County) to adopt a resolution, upon presentation of a petition signed by the owners of at least 67 percent of the transient lodging rooms in the geographic area, forming a “tourism marketing authority” to promote and enhance tourism in that geographic area. Establishes powers and duties of a tourism marketing authority, including authorization to levy an assessment of up to \$5 per room on transient lodging rooms sold per night. A tourism marketing authority is governed by a board of directors, and budgeting, recordkeeping and reporting requirements for the board are specified. Establishes a process for termination of a tourism marketing authority.

**Status:** *Introduced by Representative Steve Kaiser (R-Phoenix) and passed the House Commerce Committee on Tuesday, January 26<sup>th</sup>.*

**Recommendation:** *Neutral*

## ALCOHOL, TOBACCO & FIREARMS

**NEW: SB 1402 – Tobacco; Retail; Licensing** – Beginning January 1, 2023, a retail tobacco vendor would be prohibited from distributing "tobacco products" (defined to include "electronic smoking devices") in Arizona without a valid tobacco retail sales license issued by the Department of Liquor Licenses and Control (DLLC). DLLC would be required to establish fees for a tobacco retail sales license and prohibited from issuing a license until the vendor has obtained the required local license. It would be unlawful for a retail tobacco vendor or a retail tobacco vendor's representative, agent or employee to sell, furnish, give or provide a tobacco product to a person who is under the minimum age of sale for tobacco products as set by the federal Food, Drug, and Cosmetic Act, and requirements for verifying photo identification are specified. Establishes penalties for violations, including attendance at an education class and graduated fines ranging from \$500 to \$3,000. For a second or subsequent violation, the court is required to prohibit the vendor from distributing tobacco products for a specified time period.



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DLLC is required to adopt rules to carry out retail tobacco vendor regulations and is authorized to delegate the enforcement and compliance inspections to any county that accepts the delegation. A Tobacco Retail Sales Licensing Fund would be established, consisting of licensing fees collected, to be administered by DLLC. DLLC would be required to deposit 90 percent of all licensing fees in the Fund and the remaining 10 percent in the general fund. More.

**Status:** *Introduced by Senator Paul Boyer (R-Glendale) and is assigned to the Commerce committee.*

**Recommendation:** *Pending*

**NEW: SB 1496 – E-Liquids; Tobacco Products; Vapor Products** – Summary pending review

**Status:** *Introduced by Senator Vince Leach (R-Tucson) and has not been assigned to a committee.*

**Recommendation:** *Pending review*

**NEW: HB 2556 – Tobacco; Vaping; Penalties; Legal Age** – It would be unlawful for a person to knowingly sell, give or furnish a tobacco product, vapor product or any instrument or paraphernalia solely designed for smoking or ingesting tobacco or shisha to a person who is under the minimum age of sale for tobacco products as set by the Federal Food, Drug, and Cosmetic Act, instead of to minors. Establishes penalties for violations, including mandatory attendance at a court-approved tobacco retailer educational course and graduated fines. In addition to the fines, if a person commits a second or subsequent violation, the court is required to prohibit the enterprise from selling, giving or furnishing tobacco products or vapor products for a specified period based on the number of violations. Beginning January 1, 2022, each tobacco products or vapor products retailer is required to keep records to separately show the gross proceeds of sales of tobacco products and vapor products and the gross proceeds of sales or gross income derived from sales of other forms of tangible personal property or other business activities subject to transaction privilege taxes, and report the sales separately to the Department of Revenue.

**Status:** *Introduced by Representative Joanna Osborne (R-Goodyear) and has been assigned to the Commerce committee.*

**Recommendation:** *Pending*

## **OTHER**

**SB1334 – Fireworks; Aerial Devices** – Would expand the definition of "permissible consumer fireworks" in a county with a population of more than 500,000 persons to include "multiple-tube aerial devices".

**Status:** *Introduced by Senator David Gowan (R-Sierra Vista) has been assigned to the Commerce committee.*

**Recommendation:** *Oppose. Scottsdale has been opposed to these types of bills to better protect the McDowell Sonoran Preserve from wildfire.*